

BPA load reduction/conservation programs

BPA has implemented a number of programs to help its customers reduce their load.

Demand Reduction — DEMR targets large consumers of electricity, such as the aluminum companies. It buys back power to reduce demand on the system. So far, BPA has bought back about 1,300 megawatts.

Direct Service Industry Load — BPA signed Subscription contracts for about 1,500 MW of DSI load. During recent remarketing discussions, BPA already negotiated agreements with DSIs to reduce their Subscription loads by about 450 megawatts through December 2001. In addition, we have agreements for reductions of about 300 megawatts from January through March 2002 and 200 megawatts from April through May 2002. The anticipated increase in wholesale electricity rates will make it difficult for aluminum smelters to operate profitably in the Pacific Northwest but uncertainty about whether they will operate creates large rate uncertainty and risk. BPA is now undertaking additional discussions with DSIs and is willing to purchase energy back from aluminum producers at a nominal price that will help to reduce the negative effect of aluminum plant shutdowns on workers and local communities.

Demand Exchange — DEMX encourages large users to either reduce demand or provide generation during high load hours. BPA sends out a request on the Internet when it faces an immediate shortage. Companies that have signed up for the program make offers over the Internet. Since last December, 4,500 MW-hours have been curtailed as a result of the program.

Conservation and Renewables Discount — C&RD gives utilities and direct service customers a discount on their power purchases when they create conservation or renewable energy programs beyond what they already had in place or scheduled for implementation. The program was moved forward to February from its original start date of October. It is budgeted at \$40 million a year through fiscal year 2006.

Conservation Augmentation — ConAug is a program to buy conservation rather than power to meet the agency's needs from now through fiscal year 2006. BPA sent out an Invitation to Reduce Load through Conservation in February (rather than the original start date of next October). Customers are responding with proposals that BPA is evaluating and entering into bilateral negotiations on. Utilities have an opportunity for up to 10 years of financing.

Compact Fluorescent Coupon Program — BPA is funding a program with 30 of its customers to offer coupons worth \$6 each off of the purchase of ENERGY STAR[®] compact fluorescent light bulbs. Compact fluorescent bulbs use one-quarter the energy of a comparable incandescent bulb and can last up to ten times longer.